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FEW OBSERVATIONS

ON

CORN, CURRENCY, &c.

WITH A PLAN FOR PROMOTING

THE INTERESTS OF AGRICULTURE AND MANUFACTURES.

BY

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LONDON:
J. HATCHARD AND SON, 187, PICCADILLY.
1840.

Price Sixpence.

LONDON
IBOTSON AND PALMER, SAVOY-STREET, STRAND.

337.5
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For the better understanding of the following pages, I beg the reader to observe, that the word *value* is used throughout to denote the amount of *bullion* (the currency of the world) for which any object of sale can be exchanged; and the word *price*, solely to denote the amount of British currency for which it can be sold.

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A FEW OBSERVATIONS, &c.

The difficulties in which the commercial and banking interests have been so frequently involved, and the continual recurrence of manufacturing and agricultural distress, are attributed by many persons, and I think justly, to the high value of the currency. There are, however, others who insist that it cannot by possibility produce the evils complained of, and who have attributed them, at different times, to a variety of causes, such as,

A transition from war to peace,—a plea no longer available.

Exclusion of foreign corn by the Corn Laws.

Importation of foreign corn, and a succession of bad harvests.

Over-trading and over-issue of one pound notes.

Peel's Bill, and the withdrawal of one pound notes.

The monopoly of the Bank of England.

The establishment of Joint Stock Banks, and a want of command over them by the Bank of England.

The improvident issues of the Bank of England, affording encouragement to undue speculation.

A want of liberality on the part of the Bank of England, whose duty it is said to be to support credit.

It is perfectly true, that difficulties have arisen under each of these circumstances, but they have also occurred under circumstances opposite to each, for they are opposed to each other; each, then, having been present when difficulties have occurred, acquits its opposite of being the cause. To what then shall we attribute these difficulties, but to that which has been present under each period of distress, and whose opposite has never been present,—the high value of the currency established in 1816.

The bare fact of the high value of currency having existed in all periods of distress, whether monetary, commercial, agricultural, or manufacturing, and its opposite, a cheap currency, not having been present in any of them, affords something very like a proof, that if not a principle in, it is at least an accessory to the mischief; but when I call to mind that a high value of currency

must ever occasion a high value of the necessaries of life, and of taxation, and consequently of labour compared with that in other countries, our manufacturing rivals; and that the power of successful competition with them in cheapness of production must always have relation to the comparative value of labour with us, and with them; and that, upon the cheapness of production, extent of sale in the great market of the world must depend, I can never understand how any reasonable man can deny the injurious tendency of a high value of currency.

The existing commercial and manufacturing distress first showed itself in a demand for gold at the Bank of England for exportation, and in one year their amount of bullion was reduced from ten millions to two and a half. For this and every similar demand there can be but one cause, —that of our imports being greater than our exports, when, of necessity, the balance must be paid in bullion.

It appears to me that the causes of the balance of trade being against England are threefold: First, The almost annihilation of our exports to *solvent* Europe, by means of the high value of our currency; secondly, The last year's necessity of importing large quantities of foreign corn; and thirdly, The inability of the Americans to pay their debts to England. Yet some prescribe, as a

remedy for this disorder, a repeal of the duties on the importation of foreign corn, and particularly of American flour,—thus facilitating the increase of our imports at a time when they are confessedly too great in proportion to our exports. Admit foreign corn, they say, duty-free; the Americans have plenty of flour to pay their debts with, if you will but take it; and the price of labour, and therefore of manufactured goods, falling in proportion to the price of corn, an export trade will immediately arise, and distress will vanish;—all this without tampering with the currency. Do not these gentlemen see, that the fall in the price of agricultural produce thus effected, will take as much out of the pockets of the British agriculturist, as it will put into those of the British merchant? or do they see it, and think that at this present juncture it might be particularly convenient thus to make the British farmer security for the bad debts of the Americans? Why not make the British West Indian join in the same bond, by admitting American molasses and rum duty-free, whilst those from Jamaica remained taxed? This would be acting on the same principle. The distress then would not be removed by a free trade in corn, but only transferred to the agriculturist, doubtless soon to return to the manufacturer with aggravated force, from the diminution of the home demand, which is to the foreign as two to one. But reduce

the value of the currency in the same degree as you propose to reduce the price of corn by a free importation, and the value of labour will fall, and that of taxation also, (which a free trade in corn will not reduce.) You will equally extend your foreign, without diminishing your home trade. Thus only will you increase your exports without disproportionately augmenting your imports; and the necessity, should there be any, of contracting issues, will not lie upon England, but upon the countries with which England trades.

But, you will say, that would be unjust to the monied interest, who will lose half the value of their dividends; so, I reply, would the agriculturists lose half the value of *their* property by the plan you propose. But, you will rejoin, the public creditor was promised the resumption of cash payments; I admit that he was, but not in a currency of *any specified value*. But you will say, the present gold standard of value existed in 1797, prior to the suspension of cash payments, and the monied interest expected a return to the same standard; to which I reply, that the national debt commenced more than a hundred years before 1797, and that gold was first made a legal tender in 1770, only twenty-seven years before the suspension of cash payments, and even then, silver was a legal tender by weight, which it is not now. Besides, the same power which could raise the value of currency, can without prejudice

lower it, provided always that it takes care to pay to the public creditor his interest in a currency equal in value to that in which he advanced his capital. It is a principle of justice, that every man should be paid in his own coin; justice to the lender requires that he should be paid in a currency of no less value; justice to the borrower, viz. the public, that he should be required to pay in a currency of no greater value.

Perhaps you will say, that if regard be had to this principle, no material reduction can be made in the value of currency. In answer to this, I refer you to a table at the end of these pages, by which you will find, by comparing the value of the currency, in each year when a loan was advanced, with the value of the present currency, that a reduction of 11*l.* 12*s.* 6*d.* per cent. can be made without trenching upon this principle. But the reduction in the value of the currency might be carried farther, say to 20 per cent., by giving to the monied proprietor in *amount* the difference he would lose in *value*,—that is, the difference between 11*l.* 12*s.* 6*d.* per cent., the reduction in value which justice to the public requires, and 20 per cent., the reduction I propose to effect, that is, 8*l.* 7*s.* 6*d.* per cent.

The account of the monied proprietor would stand thus:

His 100*l.* would be reduced in value to 80*l.*, to which would be added 8*l.* 7*s.* 6*d.* in

amount, making 86*l.* 14*s.** in value, leaving a loss of 11*l.* 12*s.* 6*d.* per cent., which 11*l.* 12*s.* 6*d.* he now receives beyond what is due to him; but the reduction of 20 per cent. in the value of the free importation price of corn, which mainly governs the value of the price of labour, and therefore of manufactured goods, and the reduction of 11*l.* 12*s.* 6*d.* per cent. in the value of taxation, would more than indemnify him for the loss of that which was not *justly* his. Besides, if he has any trade or profession, the profits of which would be increased; if he is a holder of dock and harbour, canal, railway, and other property, the income of which would be augmented by the increased traffic which it must occasion,—all these gains must be set off against any supposed injury from the loss in the value of his dividends; for it will not be denied that a reduction of anything approaching towards 20 per cent. in the value of our manufactured goods would infinitely extend our export trade, and consequently increase internal consumption and traffic.

With regard to the agriculturists, it will be admitted by them that their best hope is, that the price of wheat should vary between sixty and seventy shillings — say sixty-five on the average. Now sixty-five shillings in a currency reduced 20 per cent. is equal in value to 54*s.* 2*d.* of the present currency; and if corn should bear the

* The amount he would receive would be £108 7*s.* 6*d.*

same value (i. e. as compared with gold) under a reduced currency that it does under the present, (and why should it not?) within the limits of the free importation price of 73*s.*, the farmer will sell his wheat for 65*s.* per quarter in the reduced currency, as often as he now sells it for 54*s.* 2*d.*; and as 50*s.* would be equal to 41*s.* 8*d.* in the present currency, he would sell below 50*s.* as seldom as he now does below 41*s.* 8*d.*; and the free importation price, 73*s.*, in the reduced currency, being equal in value to no more than 60*s.* 10*d.* in the present, the profit of importing foreign corn will be reduced 12*s.* 2*d.* per quarter. This would afford to the agriculturist the best security against an inundation of foreign corn, whilst the increased consumption would operate strongly against glut in the market from over production at home. The demand for other agricultural produce would be in proportion to the increased employment of the working classes, and the augmented profits of their employers; that for wool, the raw material of various manufactured articles, for which the market would be so greatly enlarged, would be particularly increased. In consideration of these advantages, he would have to pay 8*l.* 7*s.* 6*d.* per cent.* additional rent; but as many of the farmers

* The amount of his rent in the new currency would be £108 7*s.* 6*d.*; its value compared with the present currency would be £86 14*s.*

are men of small capital, and as some of their half-yearly payments might become due soon after the proposed measure should have come into operation, the increased amount of rent should not be demandable upon the first half year's payment which should become due after the event.

But the principle ought to be pushed still farther. In addition to the above measure, the currency ought to be reduced one or two per cent. in value annually, and the same per centage added in amount to all money payments. By this means competition with foreigners would be facilitated to the extent of the difference between the present value of the necessaries of life, and what it would be under a system of free trade; whilst our German competitors, who already have the necessaries of life at the lowest value, would be unable to avail themselves of this principle to facilitate their competition with us. By this means all the advantages of free trade, without any of its evils, would be gained; and the relative value of all kinds of property would be very nearly, if not entirely preserved, whilst all would be benefited directly or indirectly.* †

* It should be remembered, that lowering the value of the currency must always have a tendency to prevent insolvency, which raising it has always a tendency to create.

† The interest of the manufacturer requires a low value of

The principal advantages of the proposed measure then are:

A diminution of 11½ per cent. in the value of the annual taxation of the country, £50,000,000, equal to a remission of taxes to the amount of £5,750,000.

The immediate relief of the money market, as all foreign holders of English bills would find it better to take goods than to take bullion to their several countries.

Great increase in the export trade, and consequently of the import trade and customs revenue.

Immediate, full, and continual employment for all our manufacturers.

Great increase in the employment of shipping,

bread, i. e. that he should pay for it only a small quantity of gold and silver; for inasmuch as he pays a higher value than the manufacturers of other countries, he labours under a disadvantage in competing with them; but it is indifferent to him by how high a price in British currency that low value is expressed. The farmer, on the contrary, requires a high price for his corn in British currency, in which all his dealings are carried on: it is indifferent to him how low a value that high price represents: thus a low value of currency, and that alone, can reconcile the otherwise conflicting interests of the two most important classes; and if as much be added in amount to the receipts of the monied man, as is taken away in value by the lowering of the currency, his interests are reconciled to theirs.

and of traffic in docks and harbours, canals, railroads, &c., and consequent increase in the general demand for labour, improvement in the condition of the working classes, and increase of the excise revenue; and should the principle be carried out as far as it ought to be, by decreasing the value of currency one or two per cent. annually, until the value of the free importation price of corn, 73*s.*, should be reduced to something approaching to an equality with the value of wheat upon the Continent, the landed proprietors and farmers would be relieved from the false position in which they are now placed, by the high value of the currency, and the necessity of strong protecting Corn Laws. And the value of the price of labour and of goods being thus reduced, say 40 per cent., and the amount of all money payments increased to within 11*l.* 12*s.* 6*d.* per cent. of that amount, i. e. 28*l.* 7*s.* 6*d.* per cent., the monied man would be much richer than he is at present.

EXPLANATION OF THE MONEY TABLE.

The first column shows the years in which money was borrowed by Government from 1744, the earliest date of which I have any account, to 1816, from which latter date to 1836 no addition was made to the national debt.

The second column shows the market price of an ounce of standard silver in each of those years. These prices are the first entries in each year, as they appear in the books of Mr. Wetenhal, the editor of the prices current. This is the best evidence I can procure, as the librarian of the House of Commons stated, in answer to an inquiry made by a member of the House on my behalf, that the library contains no account of the prices of gold and silver: *a strange deficiency on a most important subject, which might be easily supplied by the Mint.*

The accounts in the third and sixth column are taken from Tables III. and V. at the end of

the third edition of Hamilton on the National Debt, which authority will not be questioned.

The fifth column shows the price of standard silver under the present currency system, which may be considered as having been in full operation since the end of 1828, as the issues of one pound notes ceased in April 1829. Five shillings is a fraction above the average of the years from 1829 to 1836 (both inclusive); but it is taken as rather more favourable to the monied interest than the real average, and, being a round number, easier to calculate with. Perhaps silver is preferable to gold, as a measure of the variations in the value of currency, as the national debt was incurred under what is called the ancient silver standard.

The Legislature, in adopting silver or gold as a standard of value, assumes that its value is immutable; consequently the variations in its market price show the alterations in the value of the currency (not of the silver); and these alterations are inversely as the variations in the price of silver; i. e. a rise in the price of silver shows a fall in the value of the currency, and *vice versâ.*

In the Irish debt a further reduction of twenty pence in the pound appears. The currencies of England and Ireland being assimilated, the former difference in their values has ceased.

The amount of debt funded before 1791 is given in one sum in the Table III. above mentioned. I have therefore assumed that that amount of debt was incurred at the average value of the currencies of the years preceding that date, in which loans were advanced to government.

The Corn Table requires no explanation.

Year.	Market price of Silver.	Amount of Debt funded beyond the amount of debt redeemed.	Average price of Silver under the present Currency.	Value of said amount in present currency.	Amount of Debt funded in Dublin in Irish Currency	Value of the said amount in present Currency.
	s. d.		s. d.			
1744	5 8					
1745	5 8¼					
1746	5 3					
1747	5 5½					
1748	5 5½					
1749	5 4					
1750	5 4½					
1755	5 5¼					
1756	5 4¾					
1757	5 3¼					
1758	5 5					
1759	5 7½					
1760	5 6½					
1761	5 8¾					
1762	5 6¼					
1763	5 5¼					
1776	5 4¼					
1777	5 7½					
1778	5 9					
1779	5 2					
1780	5 3					
1781	5 6½					
1782	5 9½					
1783	5 8					
1784	5 5½					
1785	5 2¾					
1786	5 2¾					
1787	5 2¾		5 0		200,000	175,291
1788	5 3¾		5 0		918,240	792,206
1789	5 3¾		5 0			
	*5 5¼	231,458,898	5 0	212,835,768		
1791	5 3				174,600	152,427
1793	5 4¾	4,075,595	5 0	3,776,613	350,000	297,296
1794	5 1½	12,871,581	5 0	12,557,640	987,983	883,565
1795	5 2¼	22,526,443	5 0	21,712,234	1,500,000	1,321,611
1796	5 5½	36,913,029	5 0	33,813,461	940,000	780,372
1797	5 4	60,392,084	5 0	56,617,578	635,000	545,746
1798	5 0	22,220,193	5 0	22,220,193	2,043,950	1,878,204
1799	5 2	20,347,266	5 0	19,690,902	2,011,000	1,783,952
1800	no price	21,797,440	5 0	19,666,863	2,500,000	2,067,669
1801	5 11	36,797,857	5 0	31,096,780	41,985	32,523
1802	5 11½	33,822,427	5 0	28,382,456	1,770,232	1,361,716
1803	5 7	5,557,448	5 0	4,976,819	11,000	9,298
1804	5 8½	6,894,708	5 0	6,039,160	1,404,531	1,127,724
1805	5 7	22,257,957	5 0	19,932,498		
1806	5 8½	5,143,124	5 0	4,504,926	2,780,000	2,232,116
1806	5 8½	17,165,285	5 0	15,035,286		
1807	5 8	4,296,615	5 0	3,791,130	53,000	42,867
1808	no price		5 0		1,012,500	807,064
1809	no price	7,043,302	5 0	6,080,548	1,500,000	1,178,571
1810	no price	4,299,021	5 0	3,658,741	6,198	4,890
1811	5 11½	11,261,254	5 0	9,450,003	3,001,000	2,308,460
1812	6 3½	19,820,155	5 0	15,751,116	1,813,000	1,326,627
1813	6 7½	30,855,994	5 0	23,287,543	2,400,000	1,660,276
1814	6 11½	44,677,495	5 0	32,103,588	3,623,700	2,386,868
1815	5 9	50,824,220	5 0	44,194,973	8,000	6,376
1816	5 4½		5 0		6,600	5,627
Sum of Eng. Debt		733,519,391		651,176,810		
Sum of Irish Debt		31,692,591		25,168,449	31,692,519	25,168,449
Total		765,211,910	is to,	676,345,259	as £100 is 88 7 6	to £88 7 6

The present currency is £11 12 6 per cent. higher in value than the average of the currencies in which the national debt was incurred.†

* Average price of Silver in years of Loans between 1743 and 1790.

† Taking the interest of the national debt at twenty-eight millions per annum, and the excess of

Year.	Price of Silver.
1829	5 0
1830	4 11¼
1831	4 11½
1832	4 11¾
1833	4 10⅞
1834	4 11⅞
1835	4 11⅞
1836	4 11⅝

Average price of Silver 4*s*. 11½ ⅝.

CORN TABLE.

	s.	*d.*		*s.*	*d.*	
When corn sells in the present currency for.....	60	10	it will sell for	73	0	in a currency reduced 20 per cent.
,,	60	0	,,	72	0	,,
,,	59	2	,,	71	0	,,
,,	58	4	,,	70	0	,,
,,	57	6	,,	69	0	,,
,,	56	8	,,	68	0	,,
,,	55	10	,,	67	0	,,
,,	55	0	,,	66	0	,,
,,	54	2	,,	65	0	,,
,,	53	4	,,	64	0	,,
,,	52	6	,,	63	0	,,
,,	51	8	,,	62	0	,,
,,	50	10	,,	61	0	,,
,,	50	0	,,	60	0	,,
,,	49	2	,,	59	0	,,
,,	48	4	,,	58	0	,,
,,	47	6	,,	57	0	,,
,,	46	8	,,	56	0	,,
,,	45	10	,,	55	0	,,
,,	45	0	,,	54	0	,,
,,	44	2	,,	53	0	,,
,,	43	4	,,	52	0	,,
,,	42	6	,,	51	0	,,
,,	41	8	,,	50	0	,,

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the value of the currency beyond the just demands of the fundholders at 11½ per cent., they have received from the public, in the twenty-four years since the present currency was established, £77,280,000 more than was owing to them, which with interest amounts to more than one hundred millions, and in the next twenty-four years they will receive from the public, if the present currency continues, another one hundred millions above their due.

LONDON:

IBOTSON AND PALMER, PRINTERS, SAVOY-STREET, STRAND.

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